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21 AUG 1978

MEMORANDUM FOR: Director of Economic Research  
FROM: Director of Central Intelligence  
SUBJECT: Rumor of Arab Oil Embargo

1. In a conversation with a prominent oil person the other night I was informed that there has been a run on the oil tanker market in the last three weeks. The reason for this is that the major U.S. oil corporations are filling up their storage tanks as high as possible. They are doing this based on a rumor--which some of them attribute to the CIA--that there will be an Arab oil embargo if the Mideast summit fails.

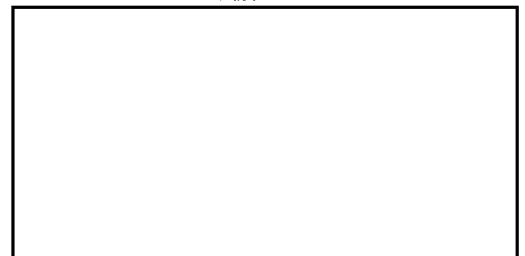
2. I assume that we are not taking any such position. I have not heard it espoused. It is not my personal view. I'd suggest you keep your ears open, however. If the major oil corporations are putting money behind this rumor, there may be something to it even if we don't agree.

*ST*

STANSFIELD TURNER

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cc: DDNFA



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